

Euro zone March inflation falls to lowest since 2009
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Euro zone inflation in March was at its lowest level since November 2009, a shock drop that was below forecasts and raises expectations for the European Central Bank to take radical action to stop deflation in the currency bloc.

Annual consumer inflation in the 18 countries sharing the euro was 0.5% in March, with the pace of price rises cooling from February's 0.7% reading, the EU's statistics office Eurostat said today.

Economists polled by Reuters predicted a 0.6% figure, which in itself was worrying for an economy that is barely pulling out of its longest recession after a crisis that nearly broke up the currency area.

The reading is also the sixth straight month of inflation in the ECB's "danger zone" of below 1%.

The ECB's Governing Council meets on Thursday and the inflation data could push economists to rethink their forecasts that the bank will hold interest rates.

The ECB left interest rates on hold and took no new measures to bolster the fragile recovery at its last monthly meeting. Its president, Mario Draghi, suggested then that the bank would either do nothing or take bold action should the outlook deteriorate. – Reuters, March 31, 2014

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